UNEMPLOYMENT INSURANCE CALL CENTERS

The Employment Security Department manages Washington's unemployment insurance (UI) benefits program. Historically, a person filing for UI benefits completed an application on paper and brought it in person to a local department office for processing. In 1999, the department phased in the use of three centralized call centers, allowing a person to file an initial application for UI benefits by telephone instead of having to go in person to a local office. In May 2000, the department began offering the option of filing an initial UI benefit claim via the Internet as well.

The department had six goals in making the change to centralized UI call centers:

- Ensuring greater consistency in UI decisions;
- Paying UI benefits in a more timely manner;
- Reducing annual operating costs by $2.8 million annually (by FY 2005);
- Using staff time more effectively;
- Eliminating the need for claimants to wait in lines; and
- Providing employers with easy access to UI information.

LEGISLATIVE RESPONSE

At the time Employment Security was contemplating the switch to call centers, state law required initial applications for UI benefits to be in writing. During the 1998 Legislative Session, the department asked the Legislature to change this requirement so that initial claims could be filed by telephone or other means. With the passage of SSB 6420 (C 161 L 98), the Legislature granted the department's requested statutory change but also expressed "serious concerns" that eliminating the face-to-face contact in the local offices could increase the potential for fraud and reduce the likelihood that claimants would use re-employment resources. The Legislature directed JLARC to evaluate the call center approach to unemployment insurance. Specifically, the Legislature directed JLARC to compare the old system with the new call center system with regard to promptness of payments, fraud, and benefit overpayments and underpayments. The same bill also contained new provisions aimed at ensuring that recipients of UI benefits actively seek work.

JLARC STUDY FINDINGS

- Employment Security is not achieving its projected cost savings with the switch to centralized UI call centers. There are three main reasons for this: (1) the department underestimated call center telecommunications costs, (2) the department overestimated the savings in claims-taking staff and failed to account for the additional FTEs necessary to run the call centers, and (3) the department continues to use UI administrative funds to pay for managers in the WorkSource Operations Division.

- Most UI claimants clearly prefer filing their initial applications by telephone to filing in person at a local Job Service Center. Interaction with the department for most employers is about the same as before the switch to call centers.

- In terms of promptness of payments, first pay timeliness of claimant benefits has declined with the change to call centers as compared to what the department delivered under the old system.

- Employment Security was not meeting the Federal standards for decision quality and timeliness when its adjudicators were located in the Job Service Centers. The change to call centers has exacerbated this existing problem.

- There is no indication that the change to call centers has increased UI benefits fraud. Data on non-fraud overpayments show an increase over time, but there is no clear relationship between this increase and the switch to call centers. UI benefit underpayments have not increased with the change to call centers.

- The department has put in place a **process** by which claimants are referred to re-employment services; however, the extent to which that process is **monitored and enforced** is unclear. Without information about who is meeting requirements and what the results are, the department is unable to determine the adequacy or effect of these efforts to link claimants with re-employment services.

- Employment Security has had success in meeting its call center goals relating to claimant and employer satisfaction. However, the department has not achieved the goals most closely linked to fiscal savings and to decision quality and timeliness. The "box score" table below summarizes the department's progress to date.

Employment Security Department Goals for UI Call Centers	Achieved?	Comments
Ensuring greater consistency in UI decisions	Partially	Centralizing the adjudicators offers an opportunity to improve the quality and the consistency of their decisions, but continuing poor quality scores indicate the department is not yet reaping the full benefit from this centralization.
Paying UI benefits in a more timely manner	No	The department has not reached the level of first payment timeliness in the call centers that it was delivering before the switch.
Reducing annual operating costs	No	The department is not realizing its projected cost savings.
Using staff time more effectively	Yes	The department is using fewer staff as claims-takers, and their work environment is much more structured.
Eliminating the need for claimants to wait in lines	Yes	Claimants prefer telephone services to filing in person.
Providing employers with easy access to UI information	Yes	Employers who are aware of this option and use it appreciate the direct service.

RECOMMENDATIONS

This JLARC study focuses mainly on answering the questions posed by the Legislature about the Employment Security Department's transition to centralized UI call centers. However, five recommendations do emerge from the study. The first three deal with the call centers and operations in the department's UI Division. First, the department should identify and report on its forthcoming efforts to reduce costs in the call centers. Second, the department should report on the results from implementing its plan to improve decision quality and timeliness and take additional steps if needed to meet the Federal performance standards. Third, the department should monitor and report on the impacts of new tools it now has to detect and collect improper payments.

The fourth and fifth recommendations are targeted more toward the use of UI funds in the local employment offices. If the department continues to use UI administrative funds to pay for personnel in these offices, the department needs to be able to identify clearly the UI services these expenditures provide. Finally, the department needs to be fully implementing and then tracking, monitoring, and enforcing the two new requirements the Legislature mandated to ensure that, with the advent of call centers, UI claimants continue to be linked to re-employment services.